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ABSTRACT

The employment crisis will not be caused by a less male, less white, and less English-speaking labor force. The future employment crisis will be, as always, on the supply side of the labor market. The number of new jobs does not match the number of people entering the work force. Jobs have been lost in manufacturing, while jobs in services have been created. America seems to be moving to a split-level economy with high-paying, high-skill jobs at the top and more low-paying, low-skill jobs at the bottom--and with fewer midlevel jobs. The labor force needs help to acquire the basic education and skills needed to adapt to the enormous change and to move up the economic ladder. Although more and better training is needed, the federal government may not have adequate resources, and at the state level, training funds have become a business subsidy for wealthy corporations. One solution to making more jobs available to people is to take advantage of new technologies that will make workers more productive. A consensus needs to be reached on the desirability of reducing working time. One way to reduce the inequality faced by immigrants, minorities, and women who enter the work force is to encourage them to form and join unions. (YLB)

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An AFL-CIO View

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AFL-CIO Secretary Treasurer Thomas R. Donahue

This pamphlet contains the text of remarks by AFL-CIO Secretary-Treasurer Thomas R. Donahue at a conference of Cornell University's New York State School of Industrial and Labor Relations on "The Next American Revolution: Crisis in Employment," New York, N.Y., May 12, 1987.

Our discussion of the employment crisis begins with that now often-quoted demographic fact: Eighty percent of the new entrants in the workforce over the next 15 years will be minorities, immigrants or females—groups that have historically been disadvantaged in the workplace.

But just because the labor force will become less male, less white, and less English-speaking—does that necessarily mean that there will be a crisis?

It seems to me that the logical bridge between the two propositions is out.

If there is a crisis coming, it is not because of the quality of people entering the workforce, or because their aspirations are different or their motivation suspect. People enter the labor force for the simplest of reasons: they want and need work.

The four million immigrants expected to apply for legalization under the new immigration law—most of them holding productive jobs, the vast majority of them non-white—belie the suggestion that immigrants are a drag on American society. And that's to say nothing of the Irish, Polish, Italian, Greek, Slovak and other immigrants who came freely to these shores and faced—and overcame—similar prejudices and barriers, linguistic and otherwise, in their time.

Similarly, it would be wrong to think of the women, minorities and immigrants who are entering the workforce as a great undifferentiated mass, a modern *lumpenproletariat*. The needs, concerns and experience of a divorced 35-year-old single parent are indeed very different from those of a 55-year-old former Cambodian fisherman.

But they both enter the labor force in search of the same thing: a decent job and livable wages.

Economists speak of the labor market in terms of the demand for labor and the supply of labor. Will we ever, as a nation, turn that notion around—to put human needs first and think of the labor market in terms of the demand for jobs, which throughout history has exceeded the supply of jobs?

Viewed in that light, the future employment crisis will be, as always, on the supply side.

The fundamental questions are these: Will there be enough jobs, not just for the new workforce entrants,

but for those people today being displaced? What kind of jobs will they be? Will they pay enough to maintain our standard of living?

The answers to those questions depend on a number of factors—trade policy, fiscal policy, monetary policy—each deserving of a separate, long (and not necessarily enlightening) speech.

But I have to say that given the direction we are taking in those and other areas, trends are not encouraging; 11.3 million jobs were created in America over the past six years—but 11.7 million people entered the workforce.

In an average month during the 1950s, three million people were jobless. That grew to 3.5 million a month in the 1960s, then to 5.8 million in the 1970s. In the average month of this decade, 8.2 million people were jobless. Add to that the million-plus people too discouraged to look for work and the five million Americans working part-time because no full-time jobs are available, and we find that at least 14 million Americans are jobless or underemployed.

Where are the new jobs being created, and what do they pay?

Since 1979, America has lost two million jobs in manufacturing, while gaining 10 million jobs in services.

Average earnings in manufacturing are more than $400 a week. In the service sector, earnings are much lower—$177 a week in retail trade, $269 a week in the service industry.

While manufacturing still accounts for roughly the same proportion of our GNP today as in 1979, thanks to technology, productivity and foreign competition, there are fewer jobs in that well-paying sector.

Not surprisingly, median annual income for all American families, measured in constant dollars of buying power, dropped 4.5 percent from 1979 to 1985. The drop would have been more severe, if not for the huge increase in the number of two-income households.

We seem to be moving toward a split-level economy with high-pay, high-skill jobs for executives, scientists, engineers, professionals and managers at the top, and more low-pay, low-skill, part-time, temporary,

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high-turnover jobs at the bottom, but with fewer mid-level, good-paying, permanent full-time jobs—the kind of jobs that offer hope and opportunity and entry into the mainstream of American life.

As I said earlier, the crisis is not with the quality of the people entering the labor force. It is with the quality and quantity of the jobs available. But even within those limits, our goal should be to help the labor force acquire the basic education and skills needed to adapt to the enormous change going on all around us and to move up the economic ladder.

One of the ways we've done that in the past is through education and training. And today we see the need for more and better training and education, and we're beginning to develop sound theories of life-long learning—designed, I hope, not just to improve job skills.

While we're encouraged that the President's new budget contains $980 million for training, we're discouraged that it also proposes the elimination of several current programs.

We're also concerned that the resources may be inadequate to the task. For instance, programs run under the Job Training Partnership Act placed 69 percent of the people served in 1985 in jobs. But that was only 178,000 people, in a year when more than two million workers were laid off.

Nor does it help to propose that workers pay for their own training from their own unemployment insurance—not when only one in three jobless workers gets unemployment compensation payments at all, and not when their payments average less than one-third of their average weekly wages covered by insurance, a sum that is less than 60 percent of the official poverty line of $933 a month for a family of four.

We're also seeing disturbing trends at the state level. In their efforts to attract new business and raise employment, state governments have been pitted against each other by companies seeking the best deal. Training funds have become one more business subsidy for healthy and wealthy corporations that don't need it.

In Kentucky, so-called job training funds from the state government will be used to pay the first six months' wages for almost every worker hired at a new plant during the first five years of the plant's operations. The company Kentucky taxpayers are subsidizing is none other than Toyota.

While everyone is all in favor of training, it seems that few people are asking the basic question: who pays?

It's fair to expect employers to pick up a certain share of the costs. Historically, that's how it has been done—such as with apprentice programs. Even in wartime, companies paid for training their workers, and undoubtedly built the costs into their prices. But for the last few years—beginning with CETA—employers have been shifting those costs to the taxpayer.

Society, workers and employers have always shared training and education costs between themselves, and that will likely continue into the future. But we ought to guard against letting employers pass on an inordinate share of their responsibilities—especially our largest corporations, which have in the past done the training themselves.

We acknowledge and understand the pressure on corporate America to maximize quarterly profits and to guard against becoming the prey of Wall Street pirates. The returns from human investment are not neatly quantifiable, and so the current system in many cases precludes it. But if that's the case, we ought to change the system by encouraging or even requiring investment in human capital and making the investment in people and the providing of jobs additional measures of corporate performance.

Let's also not pretend we live in a classless society. Our ability to train people is, as [Secretary of Labor] Bill Brock has noted, directly related to the quality of their basic education. In the past, the ticket to the middle class was a good high school education. In this century, as we've expanded educational opportunities,

the price of admission has gotten higher.

In 1900, 10 percent of America's young people graduated from high school. Today, 74 percent do.

The figures for college are even more striking. As recently as 1970, one in seven in the workforce had a college degree. Today it is one in four.

None of these achievements would have been possible without government programs—programs that recognized a societal responsibility for education—from the GI Bill to Head Start to Pell Grants to Guaranteed Student Loans.

But at the same time that education, both basic and higher, is becoming more important, we've cut back on federal support for it.

In the last five years, the cost of tuition, room and board at a private university has gone up 33 percent. The increase at public schools is 27 percent—while federal scholarship aid has been cut by 20 percent. We're replacing traditional B.A. degrees with B.D. degrees—Bachelor in Debt—and will have a generation of dispirited debtors chasing those investment banking jobs and scorning (because they must) jobs in government, education and elsewhere where they might make some continuing contribution to society.

And even when they graduate from college, what kind of jobs await them? Will there even be jobs?

Perhaps part of the problem with education is that we've cheapened it by getting people to specialize too much and to enter the workforce too early.

The goal of education is to improve life—and not just to train people for specialties. Even if we didn't have a competitiveness problem, a stable and healthy democracy demands a thoughtful and knowledgeable citizenry, for whom pursuit of learning is a lifelong opportunity.

I know of one way to make more jobs available to people, and I think it's time we started looking at it as a possible solution.

New technologies will demand more skilled workers—but if they are used properly, technology will also make those workers more productive. Why not take advantage of that by decreasing the number of hours in a workday, or the number of days in the workweek, or

the number of workweeks in a year, or the number of years in the workforce?

In recent years, the pressures have been in the opposite direction:

▶ Put the dropout in a job, not back in school.

▶ Raise, and then eliminate, a mandatory retirement age—without five minutes worth of consideration of the labor market implications.

▶ Cut back on vacations and leave-time whenever you can.

▶ Accept reduced real income and the pressure it creates for second earners.

It seems obvious to me that we need somehow to reach a consensus on the desirability of reducing working time and then devote a piece of our productivity gains to that goal from here to the year 2000.

The immigrants, minorities and women entering the workforce are doing so in a time of rising inequality. We know of at least one way to reduce inequality and raise the standard of living, and that is by encouraging workers to exercise their right to form and join unions.

In the early 1920s and 1930s, our unions faced a growing employment population in the manufacturing industries, with low wages threatening the craft employment patterns and the higher wages they had produced. Our unions developed an entire new theory of worker organization in industrial units, attracted members, grew strong, and raised wages and improved conditions.

In the 1950s and 1960s, we saw the growing deterioration of working conditions in the public sector, and our unions developed the theories of organization and strategies and tactics which made public employee organizing possible. And those unions grew strong and raised wages and improved conditions.

Today, the growing service worker population, with its minimum or near-minimum wage conditions, threatens the manufacturing and the public sector's wage rates. Today's enormous small-employer workforce—nearly 35 million workers, of whom a vast majority are without health care and other benefits—threatens decent wages and conditions in every sector.

Our unions need a new theory of organization which can reach vast numbers of that service industry

"All of the current indicators presage a society increasingly divided by education, employment and wealth—a bi-level society polarized between haves and have-nots."

and small-employer workforce and provide for them the progressive initiatives of the early industrial and public sector organizing and job improvement.

Our nation needs a new theory of organization in which there is decent employment available for all who seek it, at wage and condition levels that a leading, developed democratic nation can be proud of—levels which render significant our rhetoric about equality and classlessness.

In the largest sense, this requires a consensus about our nation. It requires our agreement that nations can't be run on the cheap. It requires our agreement that every citizen has to pay throughout his or her life and a government has to strive for a consensus for:

▶ A national education scheme open to all and meeting modern needs;

▶ A national employment scheme which seeks, in the first instance, to provide for employment, growth and development for all;

▶ A national management scheme which sees to the maintenance of an infrastructure of housing, health, highways, communications and all of the other underpinnings of a modern, egalitarian society.

All of the current indicators presage a society increasingly divided by education, employment and wealth—a bi-level society polarized between haves and have-nots.

What we need is a consensus about sharing—difficult to achieve in a nation in which we exalt "trickle-down" theories of wealth, in which our highest expression of agreement comes on achieving the lowest level of taxation (regardless of budgets, deficits and human needs) and in which we reduce an issue as important and complex as trade policy to the shibboleths of free trade versus protectionism.

What we need as a nation is more examination of the kind of serious agenda Bill Brock has put before the nation in Workforce 2000 to concentrate people's attention on and to call for tripartite support for some strategic and tactical planning for the future. I only hope that the recommendations of that project are properly pursued, and that it will get the resources and attention it deserves from this and succeeding Administrations to avert "the crisis in employment."

We need that same serious attention to similar agendas on trade, education and living standards, and we need much more of the consensus-seeking this conference represents.

Thank you.

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